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Summer Youth Employment: 1986 Edition

by Wesley Etheridge

Management Summary

- **Modest Increases**

With the exception of New York and Philadelphia, public-private coalitions in 14 major U.S. cities reported only modest increases in the number of youths hired during the summer of 1985. The coalitions placed 10,000 more youths than the previous year.

- **Foresee Little Growth**

The majority of coalition administrators foresee little or no growth in the number of placements for 1986.

- **Food, Clerical and Retail Jobs**

Most of the youths found jobs as fast food workers, clerical aides, and retail sales clerks.

Corporate Relations Program

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THE CONFERENCE BOARD, INC.

845 Third Avenue, New York, N.Y. 10022

THE CONFERENCE BOARD OF CANADA

255 Smyth Road, Ottawa, Ontario, K1H-8M7, Canada

THE CONFERENCE BOARD, INC.

Avenue Louise, 207 Bte 5, B-1050 Brussels, Belgium

YOUTH EMPLOYMENT PROGRAMS in 14 major U.S. cities placed a total of 73,107 young people in summer jobs in 1985—an increase of 10,106 (approximately 15 percent) over the summer of 1984. Administrators of these employment programs—which are run by private-public coalitions—report that the increase in jobs was due to earlier recruitment and planning, better coordination between schools and the private sector, and increased funding from foundations and the Job Training Partnership Act (JTPA).

Predictions for the summer of 1986, however, are not rosy. Most of the administrators foresee no growth in placements in 1986. About half forecast a leveling off of job opportunities, and several predict a decline.

Chief among the reasons given for this perspective by administrators of these programs is the slowing growth of the economy in general. According to the General Manager of Baltimore's Blue Chip-In: "This program does not create jobs as much as it creates access for youth to fill existing jobs. The number of jobs available is more a function of the economy than of the program's success."

Other reasons cited by administrators for predicting minor, if any, increases in job placements include a decline in federal support and the expiration of the Targeted Jobs Tax Credit

About This Survey

This is the fourth annual survey of summer job opportunities for young people that are made available through public-private coalitions in 14 major U.S. cities.

For this year's survey, Philadelphia was substituted for Pittsburgh because of the difficulty of obtaining relevant information from the latter city. The remaining cities have been used in prior studies and were chosen to represent a cross-section of U.S. urban areas in terms of size, location, and economic condition.

(TJTC)¹ which is considered by some to be a major incentive for hiring young people.

Table 1 compares the number of youths placed in summer jobs during 1983, 1984, and 1985. The majority of the cities, with the exception of New York and Philadelphia, reported only modest increases in placements. New York, which

¹The Targeted Jobs Tax Credit legislation, which gave an 85-percent tax credit for the first \$3,000 of wages paid to youths hired during the summer, expired in December, 1985, after Congress failed to extend the program for 1986. A National Alliance of Business lobbyist informed The Conference Board that the bill—which has the support of both houses of Congress—is being considered for reauthorization as part of a package of tax-credit bills.

Table 1: Summer Job Placements: 1983-1985

	1985	1984	1983
Baltimore	4,004	3,969	3,780
Boston	2,320	1,939	1,181
Chicago	1,038	1,877	2,591
Cleveland	1,727	1,341	1,007
Detroit	662	527	400
Houston	6,021	6,000	5,000
Los Angeles	10,897	10,113	7,432
Miami	3,939	3,338	2,010
New York City	31,584	26,542	19,798
Omaha	358	344	370
Philadelphia	4,845	1,530	N.A.
Richmond	820	890	1,177
San Francisco	1,389	1,340	1,262
Seattle	3,503	3,251	2,604
	73,107	63,001	

Table 2: 1985 Placements in Private and Public Sector

	Private Sector	Public Sector
Baltimore	2,681	1,323
Boston	2,210	110
Chicago	1,038	0
Cleveland	1,056	671
Detroit	62	600
Houston	6,021	0
Los Angeles	10,897	0
Miami	3,264	675
New York City	31,584	0
Omaha	358	0
Philadelphia ¹	4,845	0
Richmond	510	310
San Francisco	1,172	217
Seattle	440	3,063

¹The actual number placed in Philadelphia was far greater than that reported—25,739. But of that figure, almost 15,000 were youths previously placed by the city's Office of Employment and Training. The city administration closed that office in 1985, and transferred all its program obligations to the Private Industry Council. Another 6,000 youths were hired by private businesses independently of PIC operations

launches an extensive marketing and recruitment campaign each year, upped its placements by 5,000 youths. In Philadelphia, the Private Industry Council (PIC) assumed all the program functions of the city's Office of Employment and Training—which has gone out of existence. Philadelphia also received significant increases in foundation and private sector funding. Other cities that improved their performance include Los Angeles, which placed 780 more youths; Miami, which found 600 more jobs; and Cleveland, Boston and Seattle, each of which secured placements for 300 additional young people. Chicago and Richmond placed fewer youths.

The majority of the jobs made available were as retail sales clerks, hotel and recreational park aides, aides to construction and maintenance crews, clerical employees, and fast food workers. (See Table 3.)

Summer youth-employment programs do not focus primarily on high school dropouts. Data provided by the program administrators indicate that 70 percent of the youths placed were high school students, 25 percent high school graduates, and the rest high school dropouts.

Youth Unemployment

Despite increases in the number of summer placements made for 1985, high unemployment continues to plague youths around the country. According to the U.S. Bureau of Labor Statistics (BLS), in August, 1985, the national unemployment rate was 6.9 and the teenage rate was 15.1 percent. For black teenagers, the unemployment rate was 32.4 percent. These data

represent an improvement over the rates for the summer of 1984: 18.4 percent for all youths and 42.3 for black youths.

Critics of the official figures continue to take issue with the basis for the BLS data, however. The Full Employment Action Council (FEAC)—a coalition of labor, religious, civil rights and youth advocacy groups—argues that the BLS unemployment statistics do not include those persons who "have been discouraged from looking for work." As a result, FEAC contends, "actual" unemployment was much higher than described by BLS. It argues further that more youths are joining the ranks of the "underemployed," that is, people who are forced to accept part-time jobs because they cannot find full-time work.

Another factor influencing the officially-reported decline in youth unemployment for the summer of 1985 is a decline in the youth labor force (defined as ages 16 to 19). Because fewer youths entered the labor force during the summer of 1985, fewer were officially looking for work, so fewer were defined as unemployed. Data released by BLS show that in July 1985, the youth labor force totaled 3.6 million—a decrease of 600,000 from the previous year. The drop in the number of youths looking for work reflects a decline in the youth population.

Increased Roles of States, Localities and Private Industry Councils

The Administration's emphasis on reducing the role of the Federal Government in social programs has motivated an increasing number of states and localities to create and administer their own youth projects. A dozen states and 15 localities today run "conservation" and community-improvement programs without the benefit of federal aid.

The New York City Volunteer Corps employs high school dropouts as aides in shelters for the homeless.

The California Conservation Corps, which is funded by California's Natural Resources Department, puts teens to work in public parks.

The Northwest Youth Corps, which operates in Eugene, Oregon, does not provide jobs itself but refers youths to private businesses for environmental improvement. For example, logging firms have used the corps to assist in replanting forests after timber harvests.

In an innovative approach, New York City has granted a real-estate developer permission to build extra floor space in a condominium development in exchange for funds to create jobs for disadvantaged youths. With the cooperation of the Transit Authority and the Transport Workers Union, the city will use the money to hire young people to spruce up subway stations.

Private Industry Councils (PICs) are also increasing their participation in summer youth employment programs. According to the National Alliance of Business, in 1983 only 8 percent of the nation's 594 PICs operated summer youth employment programs; the figure climbed to 27 percent in 1984, and 36 percent in 1985. It is through such programs that many young people initially obtain work-related skills and habits.

Table 3: Where Youths Were Placed in 1985 (Percent of Placements)

	Clerical	Fast Food	Community Improvement	Delivery	Retail and Other ²
Baltimore	30%	24%	12%	2%	32%
Boston	52	0	0	0	48
Chicago ¹	62	8	0	10	20
Cleveland	6	25	39	3	27
Detroit	7	0	60	2	31
Houston	10	45	0	25	20
Los Angeles	9	26	0	0	65
Miami	12	17	21	15	35
New York City	28	13	0	9	50
Omaha	14	17	21	3	45
Philadelphia	N.A.	N.A.	N.A.	N.A.	N.A.
Richmond	N.A.	N.A.	N.A.	N.A.	N.A.
San Francisco	45	1	0	1	53
Seattle	36	6	6	2	50

¹Based on estimates from 1984 figures.

²Maintenance, repairs, tutorial, social service, etc.

In a program jointly operated by the Private Industry Council of Southern Connecticut, Inc. and Pitney Bowes, Inc., many disadvantaged teens in that state secured their first jobs. Targeting youths between the ages of 14 to 22 from low-income families, the Summer Jobs For Youth Campaign solicited contributions and job pledges from several private businesses.

In Philadelphia—which is included in The Conference Board's tabulation for the first time, replacing Pittsburgh—the PIC assumed all functions of a city employment agency, perhaps the first PIC to do so in a major city.

One of the most successful programs in the nation is administered by the New York City Partnership. Combining the efforts of the New York Chamber of Commerce and Industry, the Economic Development Council, and representatives of several unions and corporations, the Partnership provided 31,584 jobs for disadvantaged youngsters in 1985 through its five-year-old Summer Jobs for Youth program.

Legislative and Administrative Developments

JTPA and Job Corps Reduction

President Reagan reduced allocations for the 1986 Job Training Partnership Act's (JTPA) summer youth-employment programs. The federal agencies affected by the cut include the Departments of Labor, Health and Human Services, and Education. Under the current appropriations bill, summer youth employment will be cut by \$100 million. In addition, the President's fiscal 1986 budget would eliminate the Job Corps program and close all Job Corps centers by June 30, 1986. Alleging the persistence of severe youth unemployment, proponents of the Job Corps argue that, while the program is expensive, because it combines remedial education and training with work experience, it is one of the best vehicles for youth employment.

Subminimum Wage

The Reagan administration's controversial subminimum-wage proposal—which would enable employers to pay teens a minimum hourly wage of \$2.50 during the summer months rather than \$3.35—will be put forth again for the summer of 1987. Opponents argue that paying teens a lower wage would result in unequal pay for youths doing the same jobs as adult coworkers, displacement of older workers, and an increase in the number of "discouraged" workers. Opponents also maintain that reducing the cost to employers will not substantially increase job opportunities. In the United Kingdom, wage subsidies are paid to employers for hiring young workers, but the subsidies "failed to significantly improve youth employment," according to a British economist who studied the program. The subsidies are about to be phased out.²

Only one of the 14 program administrators responding to The Conference Board's survey supported the idea of a subminimum wage. Expressing the view of most, the Seattle administrator said a subminimum wage plan would be "very negative. It would make it difficult to recruit, would have a negative impact on the community's view of our program, and would not allow youths to earn enough money."

The Department of Labor is reportedly considering "sweetening" the bill by including additional funds to train unskilled young workers, and by increasing penalties on employers who displace older workers.³

²"Youth Wage Subsidy Program Fails To Boost Employment in Great Britain," *Daily Labor Report*, May 3, 1985, p. A-11.

³"Where Do We Go From Here?," *WorkAmerica*, National Alliance of Business, October, 1985, p. 2.

Conservation Corps

In April 1985 the House Education and Labor Committee approved the American Conservation Corps Act of 1985, a program which would hire teens to build and improve public lands, roads and parks. No Senate action has been taken as of this writing. A similar bill, approved by both Houses of Congress in 1984, had been vetoed by President Reagan, who contended that it was "unnecessary and costly."

Program Effectiveness: Two Views

Two evaluations of youth employment programs were aired in 1985. William H. Kolberg, President of the National Alliance of Business, referring to recently released JTPA performance figures, praised the program, noting that "JTPA works, and it works well." The figures showed that 62 percent of those youths who participated in JTPA got jobs.⁴ Kolberg also indicated that the National Alliance of Business believes that the Targeted Jobs Tax Credit has also been instrumental in increasing youth employment. He concluded that "with TJTC hires doubling each year, we continue to believe that it is an efficient means of encouraging employers to hire people who traditionally find it hard to break into the job market."⁵

⁴Recent research from The Conference Board points to increasing focus by the private sector on youth and family-related problems. Boeing, for example, has developed a series of videotapes showing interviews with workers in entry-level jobs in various career areas. The tapes will be distributed to high schools. See Kathryn Troy, *Meeting Human Needs: Corporate Programs and Partnerships*, The Conference Board, Report No. 881, 1986.

⁵"Targeted Jobs Tax Credit Deserves Renewal," *WorkAmerica*, September, 1985, p. 2.

On the other hand, a panel organized by the National Academy of Sciences, in a report entitled *Youth Employment Training Programs*, declared that "large scale government job training programs for poor youths have had only limited success in increasing employability and preventing socially destructive behavior." The panel's study indicated that while huge efforts were made by private industry and state and local agencies, "not much was learned about how to reduce the long-term employment problems of American youth."⁶

As in so many other matters, the differences in these two points of view may reflect either that they are not responses to the same aspect of the problem, or that they do not cover the range of opinion.

Asked to comment on ways to improve the programs with which they are associated, the administrators of the 14 public-private coalitions made the following recommendations:

- The business community, they suggested, should become more involved and committed to youth employment by working closely with the schools and providing increased funding.
- Local government should also provide additional funding and promote job readiness training in the schools.
- The Federal Government, on the other hand, should increase its involvement by retaining the Targeted Jobs Tax Credit and relaxing its income limits; by allowing those youths who were eligible for the tax credit during the summer to maintain their eligibility throughout the year; and by providing more oversight and sharing information on the programs that it funds.

⁶Kenneth B. Noble, "Impact of Youth Job Projects Is Declared Limited by Panel," *New York Times*, November 13, 1985.